Defiant Neoliberalism and the Danger of Detroit.

Abstract:

The intense exposure that declining cities—Detroit in particular—have experienced in recent years holds the political potential to undergird a redistributory politics (i.e. one that is a threat to the neoliberalizing status quo). Among other threatening features, Detroit has been subject to austerity for decades and its markets have manifestly failed, yet no “natural” equilibrating wave of corrections—the fundamental building block of neoliberalism—has occurred or appears to be on the horizon. This article considers the symbolic threat posed by Detroit and the efforts to convert that threat into a political opportunity for neoliberalism. Not only has the city’s experience been converted into an opportunity—it now serves as discursive justification to a particularly defiant form of neoliberalism. This paper considers why this has occurred and what implications it has for the politics of neoliberalism (and those forces trying to contest it).

Urban Injustice as a Vehicle for Change (or Not)

Frances Perkins, President Roosevelt’s activist Labor Secretary and fierce advocate for many of the era’s workplace reforms, was once asked about the source of inspiration for the New Deal. Without hesitation, she responded, “the Triangle Shirt Waist Fire” (Economist 2011). In March of 1911, the Triangle Shirt Waist Company, which occupied a few floors of a building in Lower Manhattan, caught fire. Inside were hundreds of workers, predominantly Jewish and Italian immigrant girls and women, working their regular 9-hour day. To make sure that workers did not stray from their responsibilities, the owners of the Company chained the doors shut, making exit from a dangerous situation all but impossible. When the fire began in the late afternoon, other nearby workers were ending their own workday. The eventual crowd of thousands—including Perkins who worked at the nearby New York Consumers League—bore witness to the macabre scene of 146 young women jumping to their deaths from the one exit they could find on the tenth floor.

The event shocked all who witnessed and read about it the next day in the newspaper. A staggering 400,000 people attended a memorial service for the victims—the spectacle clearly touched many people. The shock quickly morphed into concrete policy actions that signaled a
turn away from the employer-is-always-right governance that prevailed in the day (Greenwald 2005). The state and city passed 36 labor and safety laws in the two years after the fire (Economist 2011). The International Ladies Garment Workers Union was formed shortly thereafter and successfully pressed governments to improve work-place conditions for years to come. Broadly, the fire was integral in jump-starting the Progressive Era of the late teens and then the New Deal expansion of government powers of the 1930s. In isolation, one might reasonably conclude from this tragic event that visibility is the key condition for injustice to inspire a regulatory response.

Placed against the backdrop of more recent examples of highly visible instances of urban injustice however, such a conclusion would just as reasonably seem overstated if not absurd. Many forms of injustice and structural crises are now widely visible and do not inspire, or even appear to be inspiring, a regulatory response (or social movement) akin to the New Deal or Progressive Era. In 2009 for example, as the US was reeling from its worst recession in 80 years, Newsweek Magazine responded to the collective sense of anxiety by seeking out the most acute instance of economic malaise that they could think of: Detroit. They sent reporters to live there and write about the city for a year. They found nothing that local reporters and residents did not already know—alarmingly high infant mortality rates, abject poverty, and crumbling housing among other things—but they increased the visibility of the slow-motion crisis that has afflicted the city for decades. Newsweek was joined by a spate of other journalists, photographers, and documentarians with similar aims, and the past five years have seen a wealth of books, films, and art installations inspired by this exposure. And yet unlike the Shirt Waist Fire, the visibility of Detroit did not inspire a wave of regulatory or redistributive reforms designed to overcome some form of injustice. If anything it has inspired a defiant form of neoliberalism— with the city’s
struggles serving as a parable of what happens when governments do not pursue deregulation and austerity. What makes one spectacle the “reason” for an expansion of the state to check the power of private exploitation of the poor, and the other a “reason” for continued anti-statist rhetoric about the failures of the welfare state?

This article explores attempts by neoliberal activists to frame the decline of Detroit as a reason for intensified neoliberal reforms. These attempts are characterized by a hard-edged, blame-the-victim rigidity which stands in stark contrast to earlier adaptive neoliberal discourses. These ideas are part of a highly coordinated network of neoliberal institutions and governmentalities that can “make their claims true”. It is this level of coordination rather than the power of the ideas themselves, I argue, that best accounts for the persistence of neoliberal dogma, particularly in its defiant form.

The Paradox of Persistent Neoliberalism

The state, O’Connor (1972) famously postulated, is torn between two powerful but often contradictory forces—facilitating the conditions for capital accumulation on the one hand, and maintaining its own legitimacy on the other. From this basic observation, critical scholars and activists have posed a more contemporary question: how can so much contemporary state policy be devoted to, and guided by, neoliberalism? As a project built around the imperatives of deregulation, individuation, and market fundamentalism, it is fairly straightforward to see how the project facilitates accumulation, but its role in facilitating (or at least not threatening) state legitimation is less obvious. It is unequal in its benefits (Dumenil and Levy 2011), wildly unpopular when distilled into actualized policies (Klein 2007), and recently failed spectacularly as a guiding light of global capitalism (Birchand and Mykhnenko 2010). If anything, it is more
visible as a force behind actualized policies, and even less popular.² The evident failure of neoliberalism as an ideational project was so prominent that some scholars openly speculated that the next turn in political economy might resemble a “great transformation” toward market-embedding policies that Polanyi (1944) described 70 years ago (for a critical discussion of this notion see, Burawoy 2010; Dale 2012; Peck Theodore and Brenner, 2012).

Such a transition has not, of course, occurred, leaving critical scholars to return to earlier questions. In particular, why in light of its recent failures, unpopularity, and inequality-accelerating tendencies does neoliberal dogma even exist anymore as a serious ideational project, much less hold sway in so many governments throughout the world? Its ideas are not compelling, popular, or difficult academically to refute. They give rise to unpopular austerity programs, and are evidentially refuted by numerous empirical examples (Block and Sommers 2014). Critical scholars have emphasized a variety of factors to approach this question—three of which are particularly prominent in the urban political economy literature. First, there are a variety of ideational factors that help explain the persistence of neoliberalism. This school of thought seeks to discern the way that certain political and theoretical ideas have the potential to dislodge and replace paradigms (Block and Sommers 2014; Camic and Gross 2001). Block and Sommers (2014) have, for example, emphasized the “epistemic privilege” rooted in market fundamentalism, and explored how it came to dominate over the past 40 years through the work of activists like Charles Murray, author of the infamous Losing Ground—a reactionary, widely-influential, assault on all redistributive social policy in the US. Murray’s argument provided a quasi-scientific veneer to market fundamentalism, in particular by employing the well-used “perversity rhetoric”—the idea that policies designed to help the poor will actually hurt them worse than “letting nature take its course” (Hirschman 1991). This rhetorical strategy has been
used for similar aims, and with similar success, since Malthus was able to “demonstrate” how poor relief actually hurt the impoverished more than letting them starve. In other variations of the ideational bent, it has been shown that scholars and activists on the Right have sought to “fuse” the unpopular ideas of neoliberalism to other sources of legitimacy as a means to build an ideational coalition (Diamond 1995). In perhaps the most recent and prominent example, Rightist activists have constructed intricate biblical rationales for neoliberalism—in a sense by borrowing the legitimacy of one idea (Christianity) and attaching it to another (neoliberalism) (Hackworth 2012). These efforts have obscured some of neoliberalism’s ineffectiveness and unpopularity, making it easier to openly embrace by state actors and institutions. In general, these observations bolster the notion that ideas can have (some) causal influence over political outcomes (Block and Sommers 2014).

But whatever the incredible success of neoliberal activists at creating an ideology flexible enough to move the debate away from more socially-oriented paradigms, the ideational approach can only tell us so much about the rise and persistence of neoliberalism. A related school of thought has sought to underscore the importance of institutions. Broadly, this school of thought flows from the premise that the state is not just a recipient of externally created ideology, but also (and perhaps more so) a producer of it. Much of this ideological production is rooted in legitimation and utilizes formal statecraft and other arms-length institutions. As Harvey (2005), for example, points out the most successful and complete turn toward neoliberalism has arguably taken place in China—where authoritarian machinery is used to “reform” economy and society along neoliberal lines. Such observations are helpful for understanding that neoliberalism is not a grassroots “freedom” movement that its proponents frame it to be, but are of limited use in understanding more liberal democratic systems where the state must maintain at least the
appearance of autonomy to maintain its own legitimacy. Within such contexts, a variety of scholars have emphasized to the importance of neoliberal think-tanks (Peck 2010). At the most basic level, these institutions provide the machinery to produce and disseminate ideas such as Murray’s that can influence debate.\(^4\) Within the United States, these organizations are powerful at driving the terms of debate and impeding social legislation. As others scholars have noted, their influence is not simply limited to idea production. Some institutions are an integral part of the machinery of governance. Within the realm of declining city policy alone for example, think-tanks like the Hudson Institute have been responsible for writing private-market-oriented land banking legislation (Akers 2013), and libertarian groups like the Institute for Justice have been responsible for defending high profile private property abuses, most prominently by serving as the counsel in the Kelo versus New London Connecticut case (Niedt 2013). Though ostensibly “third-sector”, these organizations are well-funded, highly-coordinated with elected officials, and in many cases indistinguishable from the state itself.

A third prominent set of forces can be broadly deemed “situational” insofar as they emphasize the importance of shocks to the system, particularly economic crises at setting the groundwork for neoliberalism. Milton Friedman (1982) himself argued that crisis moments afford politicians the opportunity to implement transformational ideas that are just “laying around” (Peck 2010). It is the job of neoliberals, he argued, to make sure that those ideas are sufficiently developed to provide a pathway other than redistributive state intervention. When the economy buckles under the weight of stagflation, or a coup takes place in Chile, or a hurricane decimates a major American city, such ideas become more politically “possible” (Hackworth and Akers 2011; Klein 2007; Peck 2010). The audacity of such sentiments is revealing on a number of grounds but like the other factors, backdrop is only partially satisfactory as an explanation of
neoliberalism’s persistence, particularly in the wake of a crisis that was framed by many as being the result of neoliberalism.

The main conceptual argument of this piece is that each of these emphases, in isolation are insufficient to explain neoliberalism’s persistence. Rather it is the coordination between ideas, institutions, and situation that better explains the paradox of persistent neoliberalism. The coordination bolsters the empirical credibility of neoliberal thought makers and policy makers alike by giving the ideology “the means of making itself true” (Bourdieu 1998: 95). Proving, for example, that the welfare state will fail is easier when you have allies voting to actively underfund it.5 This highly coordinated set of institutions adjusts and creates an ideology that, far from undermining the legitimacy of the state, reinforces it by adding a veneer of empirical credibility to the project. So effective have these efforts been that governments not only still pursue neoliberal measures (austerity in particular) in the wake of neoliberalism’s evident collapse in 2008; they are doing it with even more rigid adherence to extremist neoliberal positions than before.

**From Adaptable to Defiant Neoliberalism**

A recurrent theme within the political economy literature has been the adaptability of neoliberalism—namely the ability of its interlocutors to adapt its precepts to particular circumstances, and empirical challenges, thus making it a safer project for state actors to adopt (Brenner and Theodore 2002; Peck 2010; Peck Theodore and Brenner 2012). Even the putative fathers of neoliberalism, Friedman and Hayek, understood this point. At various points, they both suggested that neoliberalism would better be conceived as an ongoing project of market reform than a puritanical end-state, that in particular, it would have to co-exist with, and utilize various
aspects of the state to maintain effectiveness and popularity (Peck 2010; Peck Theodore and Brenner 2012). The extremist positions of figures like Rand and von Mises\(^6\) notwithstanding, most neoliberals outlined specific roles for the state, and accommodation for other ideational systems, in their works.

And thus contemporary scholars have largely coalesced around the notion that rigid top-down neoliberalism exists in neither form nor rhetoric (Peck 2010). The emphasis on adaptability and contingency has been particularly prominent in geography (Wilson 2004). Some have argued that these contingencies are so prominent that the very conception of “neoliberalism” is suspect (Barnett 2006; Larner 2003). To be sure, there are important reasons for this emphasis. Above all, a prominent source for neoliberal variability is geographical—different places have a path dependent experience of neoliberalism because of countervailing institutions and assemblages that might puncture the deployment of the “pure form” pined for by anarcho-liberals.

It is thus all the more surprising that since 2008—a moment of great failure for puritanical neoliberalism—that a dominant rhetorical thread of the project has not been one of adaptability but of defiant rigidity. Far from retreating and accommodating more socio-spatial logics to account for what appeared to be obvious flaws, neoliberalism has emerged in an even more rigid form. Adaptationalist Third Way logics have, for example, given way to brutal austerity regimes, particularly though not exclusively at the urban scale (Davidson and Ward 2014; Peck 2012). Far from framing such events as outlying accidents, or cowering in the face of neoliberalism’s failures, proponents have actively participated in framing such events as the consequence of not having adopted neoliberalism earlier (Peck, 2015). They have, for example, been integrally involved at framing Detroit’s bankruptcy as a consequence of “profligate” “socialistic” urban governance of the past despite the actual experience of decades of brutal
austerity. Neoliberalism and its proponents are not seeking to accommodate local circumstance or evident failure in its logic. They are amplifying and simplifying their adherence ground a very basic set of principles and rhetorics. There are a variety of way to conceptually illustrate this, but here I will focus on two dimensions—the rhetorical and the theoretical—to suggest that the dominant approach to neoliberal thought production post-2008 has not been adaptability but rather, defiant rigidity.

Rhetorically, defiant neoliberalism relies on an approach that has used by the political Right for several centuries. Hirschman (1991) has shown that reactionary arguments have taken three dominant forms since the French Revolution. These rhetorics have been used, he argues, to effectively contest basic political rights, suffrage, and, most recently, the welfare state. First, he argues, there is the “perversity thesis”, which is the notion that “any purposive action to improve some feature of the political, social, or economic order only serves to exacerbate the condition on wishes to remedy” (Hirschman 1991: 7). Using the example of social welfare, this argument has been deployed to suggest that while welfare is “well-meaning” it fosters a dependency that actually hurts the people it is intended to help. The second approach outlined by Hirschman (1991) is the “futility thesis”. The futility thesis “holds that attempts at social transformation will be unavailing, that they will simply fail to ‘make a dent’” (Hirschman 1991: 7) because a more-powerful underlying structure renders such efforts superficial. Continuing with the same example, this rhetoric would argue that the “underlying” political-market will eventually defeat such redistributive efforts. In particular, people will simply move away from high-tax redistributive areas thus bankrupting such efforts. Finally Hirschman, points to the “jeopardy thesis”—the notion that “the cost of the proposed change is too high as it endangers some previous, precious accomplishment” (Hirschman 1991: 7). Within this frame, redistributive
welfare should be avoided because it draws the state into our lives in such a way that it will endanger the hard-fought freedoms of the past. Each of these rhetorical approaches manages to defend the status quo by invoking a feigned concern for social progress. Defiant neoliberalism employs all of these rhetorics but particularly the futility and perversity theses as will be illustrated later.

Theoretically, defiant neoliberalism also remains reliant on a proudly-unwavering set of ideas. Two paradigms that are of particular importance are the public choice school and human capital theory (Peck 2010; Ranney 2003). The public choice school is a wider effort by neoliberal economists to use the tools of neoclassical economics to understand political behavior. The most relevant variant of this (and the one that will be discussed later) is Tiebout’s “pure theory of local expenditures” which sought to understand the residential location of residents in a metropolitan area. To Tiebout (1956), the primary underlying reason for location lies at the intersection of taxes and services. City governments that tax too much or provide poor services will be disciplined by residents who will “vote with their feet” by fleeing to a jurisdiction where the mix of taxes and services are more optimal. To public choice purists, the decline of Detroit is simple—they taxed too much and provided poor services, so people moved away. The human capital school rests on similarly facile assumptions, namely that individuals and small scale firms are the optimal scale for economic value production—and that conversely governments, unions, and large firms are lumbering anti-innovation machines (Becker 1964). Cities like Detroit thus are declining because they have an “entrepreneurial deficit”, and are dominated by large firms, unions, and government (Glaeser 2011). To recover they need to adopt the virtues of small scale, creative class competition.
The approach here is not to critique these theoretical and rhetorical approaches per se—though they are easily demolished (e.g. Peck 2005; Ranney 2003)—but rather more simply to suggest that despite their obvious empirical inadequacies neoliberal proponents not only continue to use them; they do so with a defiant rigidity that contrasts with earlier efforts to adapt to local circumstance. Even more curious, these efforts seem to be pushing actualized policy agendas as much, if not more so, than before the collapse.

**The Danger of Detroit**

Like other cities, Detroit is an amalgam of material and symbolic attributes that can be extracted and deployed for a variety of (often contradictory purposes). Though it shares this characteristic with all cities, it is hardly a typical place when it comes to neoliberal theory. In a sense it is a danger to neoliberal theory, insofar as its very public failures could, in theory at least, be deployed as evidence for why neoliberalism has failed (similar to how the Shirt Waist Fire was used as evidence that employers needed to be regulated). Its decline must be “explained” to maintain neoliberalism’s credibility as a thought project and as a policy paradigm. There are several dimensions to this.

First, and most important, Detroit’s visibility itself poses a threat to neoliberal dogma. The city’s influence as an object of scholarly and journalistic inquiry outweighs its relative population size or economic importance (Table 1). It serves as a backdrop for dystopian film sets and as a source of “ruin porn”. Unlike other cities that are far removed from scholarly and popular discourses, Detroit is very visible. Much of this exposure indirectly provokes, or directly invokes, a sense of the social—that is the decline of Detroit is linked to a wider social or market failure, rather than individual decisions. The scale of Detroit’s decline is so vast, and its linkages
Table 1: Ranking of the 18 largest American cities on population, and prevalence in academic and popular articles (Sources: US Census; Scopus Academic Article Search; Proquest Media Search).

<table>
<thead>
<tr>
<th>City</th>
<th>2010 Population¹</th>
<th>Population Rank</th>
<th>Scholarly Citations ²</th>
<th>Scholarly Rank</th>
<th>Popular Media References³</th>
<th>Popular Media Rank</th>
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<td>8,175,133</td>
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<td>3,474</td>
<td>2</td>
<td>1,726,907</td>
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<td>2</td>
<td>2,455</td>
<td>3</td>
<td>765,543</td>
<td>3</td>
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<tr>
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<td>3</td>
<td>4,578</td>
<td>1</td>
<td>1,039,537</td>
<td>2</td>
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<tr>
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<td>4</td>
<td>449</td>
<td>9</td>
<td>237,773</td>
<td>6</td>
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<td>1,086</td>
<td>5</td>
<td>194,354</td>
<td>8</td>
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<td>Phoenix</td>
<td>1,445,632</td>
<td>6</td>
<td>527</td>
<td>6</td>
<td>153,105</td>
<td>11</td>
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<td>199</td>
<td>11</td>
<td>218,175</td>
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Notes:

¹ Population figures and rank were derived from the US Census: [http://www.census.gov/popest/data/cities/totals/2012/index.html](http://www.census.gov/popest/data/cities/totals/2012/index.html)

² Scopus Academic Article Search was used here. Citations were limited to English-language, social-science and humanities, journal articles published between 1993 and 2013. These counts refer to the number of academic articles where the city’s name appeared in the title, abstract, or keywords.

³ Proquest Newstand, a search engine that indexes thousands of newspaper and magazine archives was used. The search was limited to English-language references that occurred between 1993 and 2013.

⁴ Because “New York” can refer to both a state and a city, the search (Scopus and Proquest) for this city included mutually exclusive references to “New York City”, “Brooklyn”, “Staten Island”, “Bronx”, and “Manhattan”. “Queens” was not added to this list because of the possibility of false hits for other invocations of that word.
to wider processes have inspired many critical scholars to use the city as a vehicle to understand wider processes. Prominent Detroit scholars have framed it to be the result of an intense amalgam of racist housing policies, resistance to annexation, neoliberal experimentation, disastrous urban renewal campaigns, and unusual hostility from the state legislature (Darden and Thomas 2013; Sugrue 2005; Thomas 2013). For these scholars, Detroit has not failed because of the laws of Tiebout or an entrepreneurial deficit. It has failed because of systemic racism, underfunding, and ideologically-driven policy programs that make social problems worse. The city’s visibility alone is enough to pose a danger to neoliberal theory as there is always the potential that it might inspire an activist form of government to deal with its ills. The fact that the city has also been so important for decades to critical scholars only accentuates this possibility.

Second, Detroit’s presence is a threat to the naturalizing assumptions of the market and neoliberal theory in general. In line with the Tiebout theory for example, the market place of citizen-consumer choice will eventually discipline cities like Detroit into submission. After they are disciplined by outmigration, the equalizing tendencies of the market will then make the city attractive again for public consumption. Services will improve and taxes will be lowered. Whatever one thinks of Detroit or the sources of its problems, the assertion that it is naturally returning to some idealized fiscal nirvana is difficult to sustain empirically. It has been hemorrhaging jobs, tax revenue and people since the 1940s (Sugrue 2005). Nothing resembling a “natural” correction appears to be taking place, at least not on the plane described by Tiebout. The bankruptcy process and agreement was a highly negotiated, institutional process (i.e. there was nothing “natural” about it). The visibility of this event poses a theoretical threat to the notion that such outcomes are driven by invisible market processes.
Finally, though Detroit is symbolically a relic of Fordist-Keynesianism, it has not really been a material expression of this policy form for decades. Its manufacturing employment base left the city decades ago. Far from being a profligate quasi-socialistic local state, its governance has been characterized by brutal budget cuts to virtually every one of its departments and intense collaboration with the private sector for 60 years. Though Coleman Young—the city’s first Black mayor elected in 1974—is often framed as a misguided socialist by neoliberals (e.g. Glaeser and Shleifer 2005), his tenure is arguably more remembered by Detroiters as being a handmaiden for the automakers. In increasingly desperate attempts to slow the collapse of the city’s manufacturing base, Young agreed to concessions that destroyed parts of the city. In the most famous instance, he green-lighted the demolition of a section of Poletown to make way for a GM facility that was seeking to expand production. Moreover, the city has repeatedly been subjected to policy experiments (to “solve” these problems) that flow from a neoliberal worldview—namely those that seek to reduce the size of government and emphasize human capital. Almost all have not only failed—they have made the problem worse. In 1999, for example, the state of Michigan took control of its school system citing its over-spending and ineffective management. When they returned it to local control in 2005, the school system was $200 million more in debt than when they started (Binelli 2013). The feds have demolished its most “severely distressed” public housing, and integrated “workfare”. It is difficult for even the most determined proponent of neoliberalism to frame these experiments as “successful”. Spending has been cut, unions decimated, taxes slashed, services streamlined, and yet neither meaningful investment nor social stability has returned. It is difficult to frame Detroit as an over-interventionist collectivist government, if one is interested in historical fact.
In short, Detroit is highly visible, and has been an active terrain for scholarship and art which links its problems to wider social processes. Neoliberals must re-interpret the city’s failures in such a way as to avoid a government-oriented response. They must avoid uncomfortable facts and previous neoliberal policy experiments.

**Explaining Detroit**

There is no singular neoliberal explanation of Detroit’s decline, but there are prominent threads that have emerged from neoliberal think-tanks and scholars in recent years. A casual search of the Cato, Heritage, Manhattan, or Mackinac Institute websites since 2008 yields hundreds of policy briefs, press releases, reports and scholarly articles. Despite the volume of this work, much of it relies on a small set of underlying theoretical assumptions and is communicated using an even smaller set of rhetorical strategies. The three threads chosen here represent a distillation of the most prominent narrative about the city’s decline. They are, “the crisis of profligacy”, “the entrepreneurial deficit”, and “the Curley Effect”.

*The Crisis of Profligacy*

The crisis of profligacy is the most common theme and easiest to understand. Detroit has lost over 60 percent of its 1950 population. Residents have largely moved to its many suburbs, and state government has made it exceedingly difficult to implement any form of regionalization much less annexation that might have been able to manage the fiscal flight that accompanied the demographic one (Thomas 2013). Over the years, Detroit been able to stave off bankruptcy through various means, including state transfer payments, and casino revenues, but when both collapsed in 2008 along with the property tax base, the city was eventually drawn into
emergency management, then bankruptcy (Pierog and Lichterman 2014). To neoliberals, the bankruptcy and fiscal crisis are less a consequence than a cause of Detroit’s problems (Tanner 2013). The message and style of this argument is puritanically-Tieboutian. Residents will migrate from places with high taxes and bad services, to places with low taxes and great services. This will, in turn, discipline even the most entrenched governments from overspending. According to this line of thought, we are simply witnessing the long-overdue disciplining of Detroit’s “reckless profligacy” right now. For Cato’s Michael Tanner (2013) the bankruptcy is long-overdue, completely self-inflicted, and certainly not the fault of neoliberalism:

   Detroit is a model of tax-and-spend liberalism. The city’s per-capita tax burden is the highest in Michigan… The city’s own choices, not free markets and limited government, are really responsible for Detroit’s failure.

For Tanner’s Cato colleague, Dean Stansel (2011: 301) the path forward is simple: “If high-tax, low-growth metro areas like Detroit, Milwaukee, Buffalo, and Syracuse want to be more like high-growth areas such as Dallas, Tampa, San Antonio, and Austin, they should lower their onerous burden of taxation and bring spending under control.” The framing of Detroit as a tax-and-spend wasteland whose chickens have come home to roost is not new. Various efforts by the state to exact control over its resources have been tried repeatedly in the past. Despite the miserable track record of these efforts the profligacy canard gets confidently reapplied while more moderate government-oriented efforts with a mixed-track record get dismissed because they have “obviously failed in the past”. The notion has even inspired ambitious neoliberal fantasies like Newt Gingrich’s proposal to convert the entire city into a tax free zone (Henderson 2010), or Rodney Lockwood’s proposal to convert Belle Isle into a tax-free neoliberal utopian
city-state that would even be able to print its own money—renamed “Rand” of course in honor of its spiritual godmother (Gallagher 2013).

The actualized policy impact of this notion is unmistakable. The bankruptcy agreement is overwhelmingly about controlling costs, and mirrors governance efforts of the last 40 years. The social economy has collapsed and community members have taken over basic maintenance of abandoned property and assumption of basic municipal services (Binelli 2013; Kinder, 2014). The approach used by neoliberal scholar-activists is unbendingly loyal to the theoretical insights of Tiebout and the public choice school in general. Rhetorically, it invokes a futility argument—suggesting that the leaders of Detroit were naïve to think that they could subvert such a basic “law” of governance by spending too much.

The Entrepreneurial Deficit

The second economic dimension to the neoliberal explanation of Detroit has been deemed “the entrepreneurial deficit” (Glaeser 2011). The basic argument is that early-twentieth century Detroit was host to a large number of inventive entrepreneurs like the Dodge Brothers, Henry Ford, and David Buick. They fought for market share by refining their product, opening new markets and keeping costs down. There was a flowering of industry and invention during this period. By 1930, the city was the fourth largest in the US, and workers from the South migrated by the millions to seek employment there. The early-twentieth century period is an intriguing one to be sure, and there was certainly a significant component related to the flowering of creative engineering that took place there (Klepper 2010), but neoliberal thinkers have utopianized the period as part of their explanation for the city’s fall. Invoking the language of perversity, Glaeser
laments, for example, that the chief problem for Detroit was turning its back on this idea-making period:

The irony and ultimately the tragedy of Detroit is that its small, dynamic firms and independent suppliers gave rise to gigantic, wholly integrated car companies, which then became synonymous with stagnation…Ford figured out how to make assembly lines that could use the talents of poorly educated Americans, but making Detroit less skilled hurt it economically in the long run. (Glaeser 2011: 49)

“If Detroit and places like it are ever going to come back”, he continues (2011: 43), “they will do so by embracing the virtues of the great pre- and postindustrial cities: competition, connection, and human capital.”

Of course, corporations are not the only big institutions responsible for this trajectory. Within this world-view, labor unions are even more at fault for killing innovation, wealth, and the cities that depend on them (Walters 2010). Detroit’s labor history is complicated and multi-faceted to be sure, but neoliberal economists are unequivocal in their view that unions killed Detroit because they were able to attract public sympathy which translated into labor protections that drove up costs (Glaeser 2011). In 1937, Walter Reuther and his fellow UAW protesters attempted to cross a bridge to the then-largest auto factory in the world, Henry Ford’s River Rouge Ford Plant to organize its workers. They were mercilessly beaten by Ford’s thug security forces and the attack was captured by a Detroit News photographer who eventually won the Pulitzer Prize (Binelli 2013). The subsequent publicity turned the tide toward unionization in the United States. The political prowess of the fledgling UAW was born that day. To defiant neoliberals however, this event was unfortunate for precisely that reason, namely it made the public more sympathetic to unions which served to steal wealth, stifle creativity, and initiate the
decline of Detroit. “It was a public relations disaster for Ford and it made heroes out of the union men”, laments Glaeser (2011: 50). It helped hasten the end of the “golden period” for Detroit, and ushered in a deskilling idea-killing machine that eventually destroyed the city itself. Eventually firms decided that the cost of production was too high in Detroit and decamped for the sunbelt where right-to-work laws had been passed and the pathway to innovation was paved (Glaeser 2011; Walters 2010).

This general notion has been embraced by the city’s policy-making elite. “The goal” says current Mayor Mike Duggan “is to create a city where we’re a center of invention and entrepreneurialism, like we were in the early nineteen-hundreds” (quoted in Williams 2014).  

This time though, the city is not looking to boat manufacturers, and machine shops for innovation. It is looking to the arts and technology sectors. They openly want to attract creative DIY types who are eager to work in a city that has few public services but abundant space. Investment is being focused around the places that this activity was already somewhat present: Midtown (and Wayne State University), Downtown, and Corktown. The quest to return Detroit to its early-twentieth century idea-making roots has manifest as an plan to build arts-oriented garrisons that are allowed to balkanize themselves from the rest of the city, not unlike the suburbs themselves. The notion is built upon an obsession with Detroit’s earlier creative period in the early-twentieth century. The neoliberal narrative of Detroit glorifies this period while scolding past policy-makers for “turning their back on it”, and thus “hurting the people their government-oriented policies were designed to help”. The allegiance to human capital theory, wrapped in perversity rhetoric could not be more clear.

*The Curley Effect*
The defiantly-neoliberal narrative of Detroit relies on a simple set of nomothetic “laws”, that “foolish” local politicians disregarded. The only mildly idiographic adaptation in this narrative has to do with the perceived radicalism of the city’s former mayor Coleman Young. Even here, though the deviation is one of degree. That is, Coleman Young’s decision-making was “exceptionally foolish” because it disregarded the laws of the (White) consumer-voter. Glaeser has deemed this the “Curley Effect”.

Before moving to the infamous “Curley Effect” argument, a little context is warranted. In the early-twentieth century poor southern Whites increasingly moved to Detroit and its abundant employment opportunities as their largely agrarian livelihoods began to evaporate with mechanization (Sugrue 2005). Millions moved and joined the middle class within years, owning a home, being gainfully employed, represented by a union that ensured a sustained meaningful wage rate, pension plans, and health care. African Americans followed and tried to generate a similar outcome. Hundreds of thousands moved from an impoverished sharecropping rural life in the South in hopes of joining the (White) Northern industrial middle class, but their hopes were quickly, systematically, and violently dashed in Detroit. As Sugrue (2005) writes, Blacks were systematically denied access to all but the most dangerous jobs in factories by racist unions and corporations intent on protecting benefits along racial lines. Municipal government initially resisted hiring Blacks but changed more quickly than corporations and private unions. Residentially, working class Blacks were denied access to White neighborhoods most systematically by the Federal Housing Administration which refused to underwrite mortgages for developers if too many African Americans lived nearby, thus making it “a slum” (Thomas 2013). When middle class African Americans tried to move into White neighborhoods, they were guided away from this by real estate agents and neighborhood groups who would pressure and
sometimes violently assault owners who dared to sell their house to them. In part to deal with housing shortages for Blacks, (White) Detroit politicians actively pursued funds flowing from the 1949 Housing Act. They sought to demolish substandard dwellings and replace them with gleaming residential towers. But their efforts routinely resulted in a disproportionate focus on demolition (particularly in Black neighborhoods) over construction, and a set of policies that made Blacks incredibly distrustful of urban renewal schemes (Thomas 2013).

The largely White, predominately racist police force not only turned the other way; they actively participated in the harassment of Blacks. When in 1943, a small skirmish on Belle Isle expanded into a full-scale race riot, the police responded with unusual violence toward African Americans. Thirty-five people lost their lives over a three day period, 25 of whom were Black. When in 1967, the city’s police force raided the Blind Pig, an African-American after-hours club, violently assaulting its patrons, the neighborhood fought back, and the city (and eventually the National Guard) was consumed in a civil disturbance that resulted in the deaths of 43 people, again disproportionately Black, and disproportionately at the hands of the police or National Guard. Whites continued to move out of the city, and the 1967 uprising only accelerated this movement. Surrounding suburbs fought (and were supported in Lansing) almost any meaningful attempt to regionalize the school, water, or transportation system. By the late-twentieth century the Detroit Metropolitan Area was the most segregated metropolis in the United States (Massey and Denton, 1998). The city of Detroit is currently 83 percent Black, while the remainder of the region is 68 percent White.

Defiant neoliberals have a very different take on these series of events. They argue that Blacks, led by Coleman Young and his “unhelpful” “angry” social justice ambitions, conspired to scare away Whites to ensure political power (Glaeser 2011; Malanga 2013). When riots broke
out, they argue that police were actually not violent enough in their response. When Blacks finally did get into office they alienated Whites by not funding the services they valued, and spend too much on “Black services”. Glaeser and Shleifer (2005) argue that the experience of former Boston Mayor James Curley is instructive in understanding the arc that occurred in Detroit and thus deems it “the Curley Effect” (see also Glaeser 2011). Curley was Irish Catholic and his politics (according to Glaeser) were singularly focused on getting Anglo Saxons Protestants to vacate the city so he could more easily win elections (Glaeser and Shleifer 2005: 1). To defiant neoliberals, this is exactly what happened in Detroit—that is the city’s first African American Mayor, Coleman Young, embarked on a similar project (replace Irish with African American, and anti-Protestantism with anti-White animus), and in so doing destroyed the city. “In his 24 years as mayor, Detroit’s Coleman Young drove White residents and businesses out of the city”, similar to how “Zimbabwe’s Robert Mugabe abused White farmers after his country’s independence” (Glaeser and Shleifer 2005: 2).

Making the polite concession (and thus laying the groundwork for the perversity thesis) Glaeser (2011: 54) goes on to write, “It’s easy to see why Detroit’s African-American were moved to riot”, but then scolds Black Detroitters for being so “foolish” as to start a riot, largely because it scared off wealthy Whites. When the riot started, police forces were not quick enough to put it down. “Cities with more cops actually had smaller riots” he muses (2011: 55), “…unfortunately, draconian enforcement seems to be the only effective way to stop a riot once it starts.” Even more foolish than engage in a riot that scared off middle class White people, was the desire to elect Coleman Young, “whose anger was understandable but unhelpful” (Glaeser 2011: 58). To Glaeser, Young did not inherit a dying city that corporations, state government and federal officials had systematically stacked the deck against. Young created it by engaging in a
Curley-esque form of racial patronage designed to scare off Whites. Using the perversity thesis, and building on the apparent logic that only White people enjoy good police, fire, and garbage removal service, and only Black people live in subsidized housing, he writes:

Young initiated large building projects that put his supporters on the payroll. He lobbied for federally supported public housing… to keep his supporters, as opposed to Whites, as city residents. At the same time, Young cut back on the basic services that White Detroiters valued, such as police and fire. In 1976, he cut the police force by 20 percent, which along with his other attacks on the police department, perpetrated lawlessness in Detroit. Trash collection declined by 50 percent during Young’s early years. (Glaeser and Shleifer 2005: 13)

But perhaps most damaging of all was Coleman Young’s “desire” to subvert the law of Tiebout. When corporations continued to locate their businesses downtown but residents moved to outlying suburbs, thus denying Detroit the ability to fund services for said businesses, Young and city council attempted to institute a wage tax. This exercise in taking “money from the rich to fund services that helped the poor” generated crisis that other “more reasonable” cities like New York that elected centrist mayors. Again, in classic perversity thesis style, he aches for the victims of such policies,

Local income taxes illustrate the problem of trying to create a just society city by city. The direct effect of Young’s income tax was to take money from the rich to fund services that helped the poor. The indirect effect of a local income tax is to encourage richer citizens and businesses to leave… In a declining place like Detroit, well-meaning attempts at local redistribution can easily backfire by speeding the exodus of wealthier businesses and people, which only further isolates the poor. (Glaeser 2011: 59)
The Curley Effect is the only meaningful local adaptation within the larger narrative about Detroit. It suggests that while Black Detroiters may have been oppressed, they over-reacted to discrimination, were coddled by police forces when they rioted, and then elected a racist-Robin Hood in Coleman Young who built an angry fist downtown that deliberately scared off White people.

Tempting though it might be to engage with these facile arguments directly, the main point of this paper is merely to highlight to the defiant tone and substance of the arguments—a style that seems at odds with a literature that emphasizes adaptability and variability. Rhetorically, the arguments use a mix of the futility and perversity theses—strategies used by reactionaries since the French Revolution. In this incarnation, social policies are either inadequate in the face of market forces that disciplined the city (futility thesis), or actually serve to hurt the very people they were designed to help (perversity thesis). Theoretically, the neoliberal explanation maintains its unbending loyalty to simplified versions of the public choice and human capital schools. The only meaningful “local” adaptation to the argument is the suggestion that the city found a mayor who was more hostile to White people than other cities. The tone of these arguments, despite the recent failures of neoliberalism is far from adaptable, contingent and flexible. It is palpably defiant, almost proudly fundamentalist in tone. And these ideas—namely that Detroit spent too much, was too hostile to business, and elected Coleman Young—are the guiding light for the Detroit bankruptcy and much of the externally-created policy that Detroiters are forced to live with.

The Power to Make Itself True
The chief question is why and how can this discourse be so defiant in the face of past inadequacies, obvious empirical counter factuals, and a deep unpopularity? If O’Connor’s basic observation is correct, then how would such a narrative not only persist, but be so influential amongst politicians who have to get elected? How, in short, can the state maintain its legitimacy using such logics? The scale of that question cannot, of course, be definitively answered through one case study but the attempts to explain Detroit, are suggestive of two potential emphases.

First, it is perhaps an indictment of contemporary democracy and scholarship that such neoliberal narratives simply go unchallenged. Of the 516 journal articles that discuss some aspect of Detroit over the past 20 years¹¹ (see Table 1), only a miniscule percentage openly support this defiantly-neoliberal narrative; only a slightly higher percentage indirectly support these conclusions. But there is no publicly held forum for such ideas to be promoted or used as a counterweight to the less frequent but far more influential positions of defiant neoliberals. The ability of say Thomas Sugrue, whose scholarship on Detroit is manifestly more nuanced and compelling than anyone employed at the Cato Institute—is significantly overshadowed by a well-funded neoliberal noise machine supporting the latter, that uses (and exploits) academic peer review as a source of credibility.

Which leads to the second conclusion. The pure ideationalist line views the power of neoliberal ideal as at least partially causal—that is, intricate enough to withstand obvious challenges and open enough to adjust to local realities. I would like to end by suggesting that this emphasis is incomplete. The neoliberal explanation of Detroit much like the wider logic of neoliberalism, has been, and is easily refuted by serious scholars. But most serious scholars are not backed with a machine with the “power to make its claims true”. Neoliberal scholarship on the other hand, is backed not only by promotion machines, but by legislation-writing
organizations like ALEC\textsuperscript{12} which are directly involved in governance. It is straightforward for a neoliberal scholar to confidently assert that there is no alternative to tax cuts when their intellectual compatriots are sitting in the State Capitol financed by Americans for Prosperity ready to make sure that this will happen. The credibility of the neoliberal project is not in the power of the idea per se, but in the \textit{coordination} of its idea makers to make their claims true. And thus a small fragment of empirical credibility flows from this coordination that can be utilized as an even smaller form of legitimation by the state. The neoliberal thought machine has not only neutralized the threat posed by Detroit; they have transformed it into a legitimating opportunity, despite its potential danger.
References:


Binelli M (2013) Detroit City is The Place To Be. New York: Picador


Endnotes

1 The author would like to thank Jamie Peck and Nik Theodore for comments on an earlier draft of this paper.
2 Many examples of its unpopularity exist but two prominent post-2008 ones are the ongoing response to austerity-inspired tuition increases in the UK, and the political upheaval generated by austerity in Greece.
3 In a less severe variant—e.g. Singapore—a strong state is deployed to create an Ordoliberal order (see Peck 2010 for more on Ordoliberalism).
4 As Peck (2010) among others points out, the ideational success of Losing Ground was in no small part related to the well-funded promotional efforts of the Manhattan Institute, which successfully kept this book in the spotlight long enough and prominently enough for it to be adopted by the mainstream Right.
5 In an earlier version of this dynamic, anti-public housing legislators railed against public housing as a form of living—actively arguing with feigned concern for the poor that it “will not work”, while actively underfunding it to ensure that this became a self-fulfilling prophesy. Eventually mainstream and even Left voices began to uncritically adopt the adage that “public housing doesn’t work”. Bristol (1991) deems this “the Pruitt-Igoe myth”.
6 Ayn Rand (1962), for example, once advocated for the “complete separation of economics and state”, while von Mises (1962) argued for the complete removal of all forms of state-led planning. Even amongst his liberal compatriots however, their views were considered “intransigent” and “isolated” (Hayek 1992: 27).
7 As Hirschman (1991) points out these rhetorics are neither unique to the Right (others use them too), nor inclusive of all of the strategies used by the Right. These are simply dominant rhetorics that have been used by reactionaries since the French Revolution. Hirschman’s scheme was chosen here because of its historical emphasis—that is, a history of reactionary argumentation styles provides a basis on which to suggest that contemporary efforts rigidly adhere to a form that has been around for several centuries.
8 The Cato Institute alone has 345 references to “Detroit” available through its website—most of these were written in the past five years.
9 It is important to note that while the current mayor and private officials see such changes as important for Detroit’s future, many others remain unconvinced. Like other struggling cities, some institutions are building policy around the so-called “Eds and Meds” strategy—that is, deliberately foregrounding the economic role of large institutions, in this case universities and hospitals as an economic development pathway.
10 Many have, in fact, taken on various aspects of these arguments directly. Among others see Peck (2015), Hackworth (2014), and Akers, (2013).
11 For more on the Detroit literature since 1993, see <online document posted on the author’s website, URL concealed for peer review>.
12 ALEC which stands for “American Legislative Exchange Council” is a right-winged membership organization composed of groups that write legislation for like-minded state legislators around the US.